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January 10, 2012

Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: Complaint Against Friends of Herman Cain, Inc. and Mark J. Block
MUR No. 6509

To Whom It May Concern:

This letter responds to the allegations contained in the Complaint dated November 3, 2011, and filed against Friends of Herman Cain, Inc., and Mark J. Block, personally and as treasurer of Prosperity USA, Inc., by the Citizens for Responsibility and Ethics in Washington ("CREW"). The Respondents, Friends of Herman Cain, Inc. and Mark J. Block, take the allegations in the Complaint very seriously and have investigated the allegations contained in the Complaint, and submit the following response to the allegations therein.

Factual Background

Herman Cain launched his candidacy for president on May 3, 2011. Mr. Cain's exploratory committee, Friends of Herman Cain ("FoHC"), became his campaign committee at that time. Consistent with FEC regulations, FoHC reported "testing the waters" activity back to December 29, 2010.

On October 30, 2011, a Wisconsin newspaper, the Milwaukee Journal Sentinel, published an article by columnist Dan Bice (the "Article") (a copy of the Article and documents that were published with the Article were included with the CREW Complaint as Exhibit 3). The documents that accompanied the Article appear to be financial statements for Prosperity USA, an entity that Mark Block worked for prior to joining FoHC. The documents purport to reflect payments by the entity Prosperity USA for expenses including iPads, charter flights, food, and lodging that, according to the Article and the Complaint, are expenses that should have been attributable to FoHC. The expenses listed predated FoHC's testing the waters activity.

Even though the listed expenses appeared to predate the formation of FoHC, upon learning of the allegations of the Article, FoHC began the process of hiring independent counsel to investigate the allegations. Ultimately, two legal firms were employed to investigate these claims, independent of Respondents. Respondents have come to the following conclusions, and respond to the Complaint as follows.

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Response

This Response consists of two parts. First, this Response reviews the Complaint and the documents attached thereto, which form the basis of the Complaint. These documents are, at best, unreliable. Further, the Complaint, which is based upon these unreliable documents, fails to make specific allegations as required by FEC regulations. As such, Respondents have made their best efforts both to determine what the documents which form the basis of the Complaint actually state, and to respond to the broad and unspecific allegations therein as best they can with the few facts presented. However, the Complaint's failure to meet the basic requirements of FEC regulations demonstrate that, on the face of the Complaint, no action should be taken by the FEC with regard to the Complaint.

Second, this Response details the specific items Respondents were able to identify on the documents attached to the Complaint, and any potential issues related to those items.

I. Document Review

A. The Source and Veracity of the Documents

The allegations contained in the Complaint appear to be based entirely on the documents that accompanied the Article published in the Milwaukee Journal Sentinel on October 30, 2011, as described above. These documents, on their face, have myriad problems.

First, many of the documents forming the basis for the Complaint are marked "draft," and there is no knowledge as to whether these are final versions of documents. Second, there is no knowledge as to who was the source of these documents. Third, there is no indication as to who created these documents. As such, the Complaint is based upon documents that have numerous reliability problems on their face, and no action should be taken on the Complaint due to these reliability issues.

B. Lack of Specific Allegations in the Complaint

Although the counts of the Complaint allege various violations as to the rules of the FEC, the Complaint lacks any specificity. FEC regulations require that a Complaint "contain a clear and concise recitation of the facts which describe a violation of a statute or regulation over which the Commission has jurisdiction." 11 C.F.R. § 111.4(d)(3).

Counts I to III of the Complaint merely suggest violations of various campaign finance regulations, without making any specific allegation as to what actions led to the violation. Without this specificity, Respondents are left to guess as to what, exactly, the Complaint charges them with. This is precisely the situation which 11 C.F.R. § 111.4(d)(3) exists to prevent. Count IV of the Complaint makes reference to "an outstanding debt of \$40,000." Presumably, this refers to an earlier reference to \$40,000 in the Complaint, though this is not clear from the Count of the Complaint itself. Moreover, the earlier mention of the \$40,000 figure only refers to expenses for iPads and four trips; Respondents are left, at best, to speculate and guess in order to

determine exactly which items on the documents are included in the \$40,000 figure, once again showing the failure of the Complaint to meet FEC regulations.

C. Failing to Meet the Requirements of FEC Regulations Should Result in No Action Being Taken on the Complaint

The basis for the Complaint has two major faults that should prevent any further action from being taken on the allegations therein. First, the documents on which the Complaint is based are, at best, unreliable. There is no knowledge of who these documents came from, who created the documents, or even whether these are final versions of documents. Second, although FEC regulations require a Complaint to contain a clear and concise recitation of facts upon which the Complaint is based, the Complaint here fails to do so.

On this basis alone, the FEC has no basis for further review of the allegations in the Complaint, and no action should be taken on these allegations. However, to provide a thorough Response, Respondents have also engaged in an investigation of the documents that form the basis for the Complaint, which is set forth in Section II, below.

II. Review of the Documents

Though limited by the problems with the documents, Article and Complaint as detailed in Section I, above Respondents have investigated the allegations in the Complaint. Pursuant to this investigation, Respondents have made certain determinations regarding the documents and allegations, which are set forth below.

iPads

Among the items noted in the Complaint are expenses for iPads. Respondents have determined that these iPads were used by various individuals who worked at Prosperity USA prior to joining FoHC. These individuals believed that the iPads, which they received as employees of Prosperity USA, were theirs to keep (i.e., the iPads were given to them to keep and were later brought with the individuals when they came to work for FoHC). While this would be allowed under the FEC Rules, FoHC will nonetheless be amending the proper FEC reports to reflect the listed expenses for iPads as expenses of the campaign. Although it appears that this is unnecessary, Respondents believe that this is the proper course of action to clear up any potential misunderstandings as to whether the iPads were, or were not, expenses.

December Meeting

In its investigation of the allegations contained in the Complaint, Respondents also looked to a meeting that occurred from December 3-4 in Atlanta, Georgia, shortly after the November 2010 elections. The purpose of this meeting was to discuss the results of the 2010 elections. While that appears to have been the original purpose of the meeting, upon reviewing the events that took place at this meeting, it might be argued that this meeting morphed into the sort of meeting that, given the inherently ambiguous nature of the rules on this issue, might be

considered a "testing-the-waters" event, rather than a meeting that solely discussed the 2010 elections. Respondents will be amending their reports accordingly, to include these expenses.

Other Travel

The Complaint lists several other trips that appear to be included in the \$40,000 figure. These appear to be trips made solely for purposes unrelated to either Mr. Cain's exploratory committee or his candidacy for president. As such, these are not expenses that are attributable to FoHC. It is well known that both Mr. Cain and Respondent Mark Block traveled extensively on matters related to public policy issues in 2010. Such travel was unrelated to Mr. Cain's future presidential campaign. Most of the travel documented by the documents and in the Complaint appears to be of this nature, and would not be reportable by FoHC.¹

Furniture

Although it is not specifically alleged in the Complaint, after reviewing the documents attached to the Complaint, Respondents have determined that some of the allegedly unpaid expenses may have been for furniture. Specifically, this would be used and incidental furniture that individuals brought with them when joining FoHC as employees, or at some point may have been in the offices of Prosperity USA. Respondents believe that the value of this furniture is minimal. Much of the furniture was originally obtained from yard sales, and some was even picked up off of the street as unwanted by its former owners. As with the iPads, discussed above, Respondents could, in good faith, argue that these are not reportable, but to avoid any suggestion of impropriety, will nonetheless amend the necessary report to reflect the value of this furniture. However, at this time,

Other Allegations of Expenses in Complaint and Article

Although the Complaint only specifically references certain travel and iPads, Respondents reviewed the documents attached to the Complaint for any further issues that were not alleged in the Complaint, so as to make as thorough a review as possible. As set forth above, Respondents' review determined that expenses related to a meeting in Atlanta should arguably have been reported by FoHC (even though it did not exist as an entity at that time).

To the extent these are items not discussed above, Respondents have not been able to determine which, if any, of the other items listed on the documents accompanying the Complaint may be part of the alleged Counts of the Complaint. To the extent the review made specific determinations, those have been set forth above.

Should any investigation into this Complaint reveal the source of these documents, or that any of these expenses were properly to be reported to the FEC, Respondents will, of course, promptly comply. However, after reviewing the allegations, Respondents believe that this

¹ Specifically, the Complaint refers to four travel destinations: Iowa, Las Vegas, Houston and Dallas. Travel to each of these cities was for meetings related to Americans for Prosperity, a group which regularly involved Mr. Cain in events, and with which Mr. Block was also involved.

Response should settle any outstanding issues relating to the Complaint, and no action should be taken on the Complaint.

Conclusion

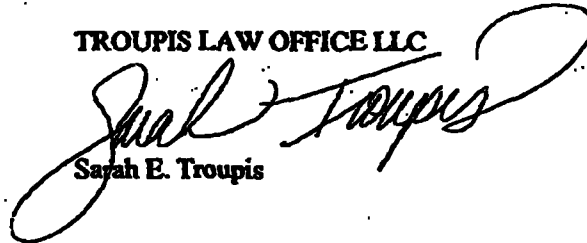
As noted above, the allegations in the Complaint lack specificity, and the documents forming the basis for the Complaint are, at best, unreliable. The Complaint's lack of specificity and bare allegations should lead to no action on the Complaint.

To the extent possible, Respondents have investigated the allegations of the Complaint, and, to the extent that the investigation determined any potential problems, have noted these matters and will work to resolve them.

Should you have any further questions as to the information contained in this Response, please do not hesitate to contact me.

Very truly yours,

TROUPIS LAW OFFICE LLC

A handwritten signature in cursive script, appearing to read "Sarah E. Troupis", is written over the typed name.

Sarah E. Troupis

SET/ddh
HC
FEC ltr.